

105TH CONGRESS  
1ST SESSION

# H. R. 1049

To require the Administrator of the Environmental Protection Agency and the Secretary of Housing and Urban Development to provide financial assistance to support the assessment, cleanup, and economic redevelopment of brownfield sites; to amend the Internal Revenue Code of 1986 to encourage the cleanup of such sites by allowing the expensing of environmental remediation costs; and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 1997

Mr. SHAYS (for himself and Mr. MALONEY of Connecticut) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Banking and Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To require the Administrator of the Environmental Protection Agency and the Secretary of Housing and Urban Development to provide financial assistance to support the assessment, cleanup, and economic redevelopment of brownfield sites; to amend the Internal Revenue Code of 1986 to encourage the cleanup of such sites by allowing the expensing of environmental remediation costs; and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Brownfield Economic Revitalization Act of 1997”.

4 (b) TABLE OF CONTENTS.—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ENVIRONMENTAL PROTECTION AGENCY BROWNFIELDS  
ASSISTANCE PROGRAMS

Sec. 101. Definitions.

Sec. 102. Grants for inventories, site assessments, and other pre-cleanup activities.

Sec. 103. Grants for revolving loan programs.

Sec. 104. Assistance for partnership agreements.

Sec. 105. Assistance for workforce training.

Sec. 106. Grants for voluntary cleanup programs.

Sec. 107. Authorization of appropriations.

TITLE II—DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT BROWNFIELDS GRANT PROGRAM

Sec. 201. Economic development grants in connection with community development loan guarantees.

TITLE III—EXPENSING OF ENVIRONMENTAL REMEDIATION  
COSTS

Sec. 301. Expensing of environmental remediation costs.

6 **TITLE I—BROWNFIELD GRANTS**  
7 **PROGRAMS**

8 **SEC. 101. DEFINITIONS.**

9 In this title:

10 (1) ADMINISTRATOR.—The term “Adminis-  
11 trator” means the Administrator of the Environ-  
12 mental Protection Agency.

13 (2) BROWNFIELD SITE.—The term “brownfield  
14 site” means an abandoned, idled, or under-used in-  
15 dustrial or commercial facility where expansion or

1 redevelopment is complicated by real or perceived  
2 environmental contamination.

3 (3) ENVIRONMENT.—The term “environment”  
4 has the meaning given the term in section 101 of the  
5 Comprehensive Environmental Response, Compensa-  
6 tion, and Liability Act of 1980 (42 U.S.C. 9601).

7 (4) ENVIRONMENTAL CONTAMINATION.—The  
8 term “environmental contamination” means the ex-  
9 istence at a facility of 1 or more hazardous sub-  
10 stances, pollutants, or contaminants that may pose  
11 a threat to human health or the environment.

12 (5) FACILITY.—The term “facility” has the  
13 meaning given the term in section 101 of the Com-  
14 prehensive Environmental Response, Compensation,  
15 and Liability Act of 1980 (42 U.S.C. 9601).

16 (6) GRANT.—The term “grant” includes a co-  
17 operative agreement.

18 (7) HAZARDOUS SUBSTANCE.—The term “haz-  
19 ardous substance” has the meaning given the term  
20 in section 101 of the Comprehensive Environmental  
21 Response, Compensation, and Liability Act of 1980  
22 (42 U.S.C. 9601).

23 (8) INDIAN TRIBE.—The term “Indian tribe”  
24 has the meaning given the term in section 101 of the

1 Comprehensive Environmental Response, Compensa-  
2 tion, and Liability Act of 1980 (42 U.S.C. 9601).

3 (9) LOCAL GOVERNMENT.—The term “local  
4 government” means a political subdivision of a  
5 State.

6 (10) OWNER.—The term “owner” has the  
7 meaning given the term in section 101 of the Com-  
8 prehensive Environmental Response, Compensation,  
9 and Liability Act of 1980 (42 U.S.C. 9601).

10 (11) POLLUTANT OR CONTAMINANT.—The term  
11 “pollutant or contaminant” has the meaning given  
12 the term in section 101 of the Comprehensive Envi-  
13 ronmental Response, Compensation, and Liability  
14 Act of 1980 (42 U.S.C. 9601)).

15 (12) RELEASE.—The term “release” has the  
16 meaning given the term in section 101 of the Com-  
17 prehensive Environmental Response, Compensation,  
18 and Liability Act of 1980 (42 U.S.C. 9601).

19 (13) RESPONSE ACTION.—The term “response  
20 action” has the meaning given the term “response”  
21 in section 101 of the Comprehensive Environmental  
22 Response, Compensation, and Liability Act of 1980  
23 (42 U.S.C. 9601).

24 (14) SITE ASSESSMENT.—

1 (A) IN GENERAL.—The term “site assess-  
2 ment” means an investigation that determines  
3 the nature and extent of a release or potential  
4 release of a hazardous substance at a  
5 brownfield site and meets the requirements of  
6 subparagraph (B).

7 (B) INVESTIGATION.—For the purposes of  
8 this paragraph, an investigation that meets the  
9 requirements of this subparagraph—

10 (i) shall include—

11 (I) a review of existing informa-  
12 tion;

13 (II) an offsite reconnaissance, if  
14 appropriate; and

15 (III) an onsite reconnaissance, if  
16 appropriate, to determine if a release  
17 may require additional investigation  
18 or action; and

19 (ii) may include review of such infor-  
20 mation regarding the brownfield site and  
21 previous uses as is available at the time of  
22 the review.

23 (15) STATE.—The term “State” has the mean-  
24 ing given the term in section 101 of the Comprehen-

1       sive Environmental Response, Compensation, and  
2       Liability Act of 1980 (42 U.S.C. 9601).

3   **SEC. 102. GRANTS FOR INVENTORIES, SITE ASSESSMENTS,**  
4       **AND OTHER PRE-CLEANUP ACTIVITIES.**

5       (a) IN GENERAL.—The Administrator shall establish  
6   a program to award grants to States, local governments,  
7   or Indian tribes to inventory brownfield sites and to con-  
8   duct site assessments and other pre-cleanup activities re-  
9   lating to such sites, including site identification, site char-  
10   acterization, and the planning and design of response ac-  
11   tions for such sites.

12       (b) SCOPE OF PROGRAM.—

13           (1) GRANT AWARDS.—To carry out subsection  
14   (a), the Administrator may, on approval of an appli-  
15   cation, provide financial assistance to a State, local  
16   government, or Indian tribe.

17           (2) GRANT APPLICATION.—An application for a  
18   grant under this section shall include, to the extent  
19   practicable, each of the following:

20           (A) An identification of the brownfield  
21   sites for which assistance is sought and a de-  
22   scription of the effect of the brownfield sites on  
23   the community, including a description, to the  
24   extent possible, of the nature and extent of any

1 known or suspected environmental contamina-  
2 tion within the areas.

3 (B) A description of the need of the appli-  
4 cant for Federal financial assistance to inven-  
5 tory brownfield sites and to conduct site assess-  
6 ments or other pre-cleanup activities at such  
7 sites.

8 (C) A demonstration of the potential of the  
9 grant assistance to stimulate economic develop-  
10 ment, including, to the extent possible, the ex-  
11 tent to which the assistance will stimulate the  
12 availability of other funds for site assessment,  
13 site identification, or environmental remediation  
14 and subsequent redevelopment of the areas in  
15 which eligible brownfield sites are situated.

16 (D) A description of the local commitment  
17 as of the date of the application, which shall in-  
18 clude a community involvement plan that dem-  
19 onstrates meaningful community involvement.

20 (E) A plan that shows how the site identi-  
21 fication, site assessment, or other pre-cleanup  
22 activities will be implemented, including—

23 (i) an environmental plan that ensures  
24 the use of sound environmental procedures;

(ii) an explanation of the appropriate government authority and support for the project as in existence on the date of the application;

(iii) proposed funding mechanisms for any additional work, to the extent known; and

(iv) a proposed land ownership plan.

(F) A statement on the long-term benefits and the sustainability of the proposed project that includes—

(i) the ability of the project to be replicated nationally and measures of success of the project; and

(ii) to the extent known, the potential of the plan for each area in which an eligible brownfield site is situated to stimulate economic development of the area on completion of the environmental remediation.

(G) Such other factors as the Administrator considers relevant to carry out this title.

(3) APPROVAL OF APPLICATION.—

(A) IN GENERAL.—In making a decision whether to approve an application under paragraph (1), the Administrator shall—



1 (i) consider the need of the State,  
2 local government, or Indian tribe for Fed-  
3 eral financial assistance to carry out this  
4 section;

5 (ii) consider the ability of the appli-  
6 cant to carry out an inventory, site assess-  
7 ment, or other pre-cleanup activity under  
8 this section; and

9 (iii) consider such other factors as the  
10 Administrator considers relevant to carry  
11 out this section.

12 (B) GRANT CONDITIONS.—As a condition  
13 of awarding a grant under this section, the Ad-  
14 ministrator may, on the basis of the criteria  
15 considered under subparagraph (A), attach  
16 such conditions to the grant as the Adminis-  
17 trator determines appropriate.

18 (4) GRANT AMOUNT.—The amount of a grant  
19 awarded to any State, local government, or Indian  
20 tribe under subsection (a) for inventory, site assess-  
21 ment, and other pre-cleanup activities with respect  
22 to 1 or more brownfield sites shall not exceed  
23 \$200,000.

24 (5) TERMINATION OF GRANTS.—If the Admin-  
25 istrator determines that a State, local government,

1 or Indian tribe that receives a grant under this sub-  
2 section is in violation of a condition of a grant re-  
3 ferred to in paragraph (3)(B), the Administrator  
4 may terminate the grant made to the State, local  
5 government, or Indian tribe and require full or par-  
6 tial repayment of the grant.

7 **SEC. 103. GRANTS FOR REVOLVING LOAN PROGRAMS.**

8 (a) IN GENERAL.—

9 (1) ESTABLISHMENT.—The Administrator shall  
10 establish a program to award grants to be used by  
11 States, local governments, or Indian tribes to cap-  
12 italize revolving loan funds for the cleanup of  
13 brownfield sites.

14 (2) LOANS.—The loans may be provided by the  
15 State, local government, or Indian tribe to finance  
16 cleanups of brownfield sites by the State, local gov-  
17 ernment, or Indian tribe, or by an owner or a pro-  
18 spective purchaser of a brownfield site (including a  
19 local government or Indian tribe) at which a cleanup  
20 is being conducted or is proposed to be conducted.

21 (b) SCOPE OF PROGRAM.—

22 (1) IN GENERAL.—

23 (A) GRANTS.—In carrying out subsection  
24 (a), the Administrator may award a grant to a  
25 State, local government, or Indian tribe that

1 submits an application to the Administrator  
2 that is approved by the Administrator.

3 (B) USE OF GRANT.—The grant shall be  
4 used by the State, local government, or Indian  
5 tribe to capitalize a revolving loan fund to be  
6 used for cleanup of 1 or more brownfield sites.

7 (C) GRANT APPLICATION.—An application  
8 for a grant under this section shall be in such  
9 form as the Administrator determines appro-  
10 priate. At a minimum, the application shall in-  
11 clude the following:

12 (i) Evidence that the grant applicant  
13 has the financial controls and resources to  
14 administer a revolving loan fund in accord-  
15 ance with this title.

16 (ii) Provisions that—

17 (I) ensure that the grant appli-  
18 cant has the ability to monitor the use  
19 of funds provided to loan recipients  
20 under this title;

21 (II) ensure that any cleanup con-  
22 ducted by the applicant is protective  
23 of human health and the environment;  
24 and

1 (III) ensure that any cleanup  
2 funded under this Act will comply  
3 with all applicable Federal and State  
4 laws that apply to the cleanup.

5 (iii) Identification of the criteria to be  
6 used by the State, local government, or In-  
7 dian tribe in providing for loans under the  
8 program. The criteria shall include the fi-  
9 nancial standing of the applicants for the  
10 loans, the use to which the loans will be  
11 put, the provisions to be used to ensure re-  
12 payment of the loan funds, and the follow-  
13 ing:

14 (I) A complete description of the  
15 financial standing of the applicant  
16 that includes a description of the as-  
17 sets, cash flow, and liabilities of the  
18 applicant.

19 (II) A written statement that at-  
20 tests that the cleanup of the site  
21 would not occur without access to the  
22 revolving loan fund.

23 (III) The proposed method, and  
24 anticipated period of time required, to

1 clean up the environmental contami-  
2 nation at the brownfield site.

3 (IV) An estimate of the proposed  
4 total cost of the cleanup to be con-  
5 ducted at the brownfield site.

6 (V) An analysis that dem-  
7 onstrates the potential of the  
8 brownfield site for stimulating eco-  
9 nomic development on completion of  
10 the cleanup of the brownfield site.

11 (2) GRANT APPROVAL.—In determining wheth-  
12 er to award a grant under this section, the Adminis-  
13 trator shall consider—

14 (A) the need of the State, local govern-  
15 ment, or Indian tribe for financial assistance to  
16 clean up brownfield sites that are the subject of  
17 the application, taking into consideration the fi-  
18 nancial resources available to the State, local  
19 government, or Indian tribe;

20 (B) the ability of the State, local govern-  
21 ment, or Indian tribe to ensure that the appli-  
22 cants repay the loans in a timely manner;

23 (C) the demonstrated ability of the State,  
24 local government, or Indian tribe to administer  
25 such a loan program;

1           (D) the demonstrated experience of the  
2           State, local government, or Indian tribe regard-  
3           ing brownfield sites and the reuse of contami-  
4           nated land, including whether the government  
5           has received any grant under the Comprehen-  
6           sive Environmental Response, Compensation,  
7           and Liability Act of 1980 (42 U.S.C. 9601 et  
8           seq.) to assess brownfield sites, except that ap-  
9           plicants who have not previously received such  
10          a grant may be considered for awards under  
11          this section;

12          (E) the efficiency of having the loan ad-  
13          ministered by the level of government rep-  
14          resented by the applicant entity;

15          (F) the experience of administering any  
16          loan programs by the entity, including the loan  
17          repayment rates;

18          (G) the demonstrations made regarding  
19          the ability of the State, local government, or In-  
20          dian tribe to ensure a fair distribution of grant  
21          funds among brownfield sites within the juris-  
22          diction of the State, local government, or Indian  
23          tribe; and

1 (H) such other factors as the Adminis-  
2 trator considers relevant to carry out this sec-  
3 tion.

4 (3) GRANT AMOUNT.—The amount of a grant  
5 made to a State, local government, or Indian tribe  
6 under this section shall not exceed \$500,000.

7 (4) REVOLVING LOAN FUND APPROVAL.—Each  
8 application for a grant to capitalize a revolving loan  
9 fund under this section shall, as a condition of ap-  
10 proval by the Administrator, include a written state-  
11 ment by the State, local government, or Indian tribe  
12 that—

13 (A) cleanups to be funded under the loan  
14 program of the State, local government, or In-  
15 dian tribe shall be conducted under the auspices  
16 of, and in compliance with, the State voluntary  
17 cleanup program, the State Superfund pro-  
18 gram, or another appropriate State program, or  
19 Federal authority;

20 (B) the cleanup or proposed voluntary  
21 cleanup is cost-effective; and

22 (C) the estimated total cost of the cleanup  
23 is reasonable.

24 (c) GRANT AGREEMENTS.—Each grant under this  
25 section for a revolving loan fund shall be made pursuant

1 to a grant agreement. At a minimum, the grant agreement  
2 shall include provisions that ensure the following:

3 (1) COMPLIANCE WITH LAW.—The grant recipi-  
4 ent will include in all loan agreements a requirement  
5 that the loan recipient shall comply with all applica-  
6 ble Federal and State laws applicable to the cleanup  
7 and shall ensure that the cleanup is protective of  
8 human health and the environment.

9 (2) REPAYMENT.—The State, local government,  
10 or Indian tribe will require repayment of the loan  
11 consistent with this title.

12 (3) USE OF FUNDS.—The State, local govern-  
13 ment, or Indian tribe will use the funds solely for  
14 purposes of establishing and capitalizing a loan pro-  
15 gram in accordance with this title and of cleaning up  
16 the environmental contamination at the brownfield  
17 site or sites.

18 (4) REPAYMENT OF FUNDS.—The State, local  
19 government, or Indian tribe will require in each loan  
20 agreement, and take necessary steps to ensure, that  
21 the loan recipient will use the loan funds solely for  
22 the purposes stated in paragraph (3), and will re-  
23 quire the return of any excess funds immediately on  
24 a determination by the appropriate State, local, or  
25 tribal official that the cleanup has been completed.



1           (5) NONTRANSFERABILITY.—The funds will not  
2       be transferable, unless the Administrator agrees to  
3       the transfer in writing.

4           (6) LIENS.—

5           (A) DEFINITIONS.—In this paragraph, the  
6       terms “security interest” and “purchaser” have  
7       the meanings given the terms in section  
8       6323(h) of the Internal Revenue Code of 1986.

9           (B) LIENS.—A lien in favor of the grant  
10      recipient shall arise on the contaminated prop-  
11      erty subject to a loan under this section.

12          (C) COVERAGE.—The lien shall cover all  
13      real property included in the legal description of  
14      the property at the time the loan agreement  
15      provided for in this section is signed, and all  
16      rights to the property, and shall continue until  
17      the terms and conditions of the loan agreement  
18      have been fully satisfied.

19          (D) TIMING.—The lien shall—

20           (i) arise at the time a security interest  
21      is appropriately recorded in the real prop-  
22      erty records of the appropriate office of the  
23      State, county, or other governmental sub-  
24      division, as designated by State law, in

1           which the real property subject to the lien  
2           is located; and

3                   (ii) be subject to the rights of any  
4           purchaser, holder of a security interest, or  
5           judgment lien creditor whose interest is or  
6           has been perfected under applicable State  
7           law before the notice has been filed in the  
8           appropriate office of the State, county, or  
9           other governmental subdivision, as des-  
10          ignated by State law, in which the real  
11          property subject to the lien is located.

12           (7) OTHER CONDITIONS.—The State, local gov-  
13          ernment, or Indian tribe will comply with such other  
14          terms and conditions as the Administrator deter-  
15          mines are necessary to protect the financial interests  
16          of the United States and to protect human health  
17          and the environment.

18          (d) AUDITS.—

19                  (1) IN GENERAL.—The Inspector General of  
20          the Environmental Protection Agency shall audit a  
21          portion of the grants awarded under this section to  
22          ensure that all funds are used for the purposes set  
23          forth in this section.

24                  (2) FUTURE GRANTS.—The result of the audit  
25          shall be taken into account in awarding any future

1 grants to the State, local government, or Indian  
2 tribe.

3 **SEC. 104. ASSISTANCE FOR PARTNERSHIP AGREEMENTS.**

4 (a) IN GENERAL.—The Administrator shall carry out  
5 a program to provide assistance for brownfields partner-  
6 ship agreements between the Environmental Protection  
7 Agency and States, local governments, other Federal de-  
8 partments and agencies, or private entities.

9 (b) PURPOSE.—The purpose of a partnership agree-  
10 ment assisted under this section shall be to research and  
11 disseminate information to the public about activities re-  
12 lated to brownfield sites, including remediation techniques  
13 and such other matters as the Administrator considers ap-  
14 propriate.

15 (c) FORM OF ASSISTANCE.—The Administrator may  
16 provide grants, technical assistance, or such other forms  
17 of assistance under this section as the Administrator con-  
18 siderers appropriate.

19 **SEC. 105. ASSISTANCE FOR WORKFORCE TRAINING.**

20 (a) IN GENERAL.—The Administrator shall carry out  
21 a program to provide assistance for brownfields workforce  
22 training programs in communities that contain brownfield  
23 sites.

24 (b) PURPOSES.—Assistance provided under this sec-  
25 tion may include—

1           (1) expansion of environmental training and  
2           curriculum development at colleges located near  
3           brownfields sites;

4           (2) establishment of environmental education  
5           and training centers or other community-based job  
6           training organizations; and

7           (3) such other activities as the Administrator  
8           considers appropriate.

9           (c) FORM OF ASSISTANCE.—The Administrator may  
10          provide grants, technical assistance, or such other forms  
11          of assistance under this section as the Administrator con-  
12          siders appropriate.

13       **SEC. 106. GRANTS FOR VOLUNTARY CLEANUP PROGRAMS.**

14          (a) IN GENERAL.—The Administrator shall establish  
15          a program to award grants to States or Indian tribes to  
16          enhance, expand, and develop voluntary cleanup programs.

17          (b) PURPOSES OF GRANT.—A grant awarded to a  
18          State or Indian tribe under this section shall be used by  
19          the State or Indian tribe for any of the following purposes:

20               (1) To develop legal authorities and regulations  
21               for a voluntary cleanup program.

22               (2) To hire and train staff for the program.

23               (3) To implement the program.

24               (4) To carry out such other activities related to  
25               the enhancement, expansion, or development of a

1 voluntary cleanup program as the Administrator de-  
2 termines appropriate.

3 (c) ELIGIBILITY REQUIREMENTS.—The Adminis-  
4 trator may establish such criteria for eligibility for grants  
5 under this section as the Administrator considers appro-  
6 priate.

7 (d) APPLICATION.—A grant may not be awarded  
8 under this subsection unless an application is submitted  
9 to, and approved by, the Administrator. Such an applica-  
10 tion shall be submitted in such form and manner, and con-  
11 tain such information, as the Administrator determines  
12 appropriate.

13 (e) VOLUNTARY CLEANUP PROGRAM DEFINED.—For  
14 purposes of this section, a voluntary cleanup program is  
15 a program established by a State or Indian tribe under  
16 which a person may respond voluntarily to a release or  
17 threatened release of hazardous substances at brownfield  
18 sites under the jurisdiction of the State or Indian tribe.

19 **SEC. 107. AUTHORIZATION OF APPROPRIATIONS.**

20 There is authorized to be appropriated to the Envi-  
21 ronmental Protection Agency \$87,400,000 for each of fis-  
22 cal years 1998, 1999, 2000, and 2001 for purposes of car-  
23 rying out this title.

1 **TITLE II—DEPARTMENT OF**  
2 **HOUSING AND URBAN DEVELOPMENT**  
3 **BROWNFIELD**  
4 **GRANTS.**

5 **SEC. 201. ECONOMIC DEVELOPMENT GRANTS IN CONNEC-**  
6 **TION WITH COMMUNITY DEVELOPMENT**  
7 **LOAN GUARANTEES.**

8 Section 108(q) of the Housing and Community De-  
9 velopment Act of 1974 (42 U.S.C. 5308(q)) is amended  
10 by adding at the end the following new paragraph:

11 “(5) BROWNFIELDS REDEVELOPMENT.—

12 “(A) IN GENERAL.—The Secretary shall,  
13 to the extent amounts are made available pur-  
14 suant to subparagraph (F) and applications are  
15 approved under this paragraph, make grants  
16 under this paragraph to eligible public entities  
17 for projects for the cleanup and economic rede-  
18 velopment of brownfield sites. The provisions of  
19 paragraphs (1) through (4) of this subsection  
20 shall apply to grants under this paragraph and  
21 the requirements under this paragraph shall be  
22 in addition to the requirements under para-  
23 graphs (1) through (4).

24 “(B) ELIGIBLE RECIPIENTS.—Grants  
25 under this paragraph may be made only to eli-

1           gible public entities requesting guarantees  
2           under subsection (a) for notes or other obliga-  
3           tions to finance a project involving eligible ac-  
4           tivities under subparagraph (C).

5           “(C) ELIGIBLE ACTIVITIES.—Assistance  
6           under this paragraph may be used only for the  
7           purposes of and in conjunction with projects  
8           and activities for the economic redevelopment of  
9           brownfield sites.

10          “(D) SELECTION CRITERIA.—

11               “(i) ADDITIONAL CRITERION.—The  
12               criteria for awarding assistance under this  
13               paragraph shall include the extent to which  
14               the applicant has developed an approach or  
15               process for the cleanup and redevelopment  
16               of brownfield sites and is coordinating such  
17               program with appropriate environmental  
18               regulatory agencies.

19               “(ii) PRIORITY.—In awarding such  
20               assistance, the Secretary shall give priority  
21               to eligible entities meeting the selection cri-  
22               teria (established pursuant to paragraph  
23               (4) and clause (i)) and proposing a plan  
24               involving projects and activities for  
25               brownfield sites located within any

1 empowerment zone or enterprise commu-  
2 nity (as such terms are defined in section  
3 1393(b) of the Internal Revenue Code of  
4 1986).

5 “(E) COORDINATION WITH EPA.—The Sec-  
6 retary shall consult and coordinate with the Ad-  
7 ministrator of the Environmental Protection  
8 Agency in providing assistance under this para-  
9 graph and establishing selection criteria under  
10 subparagraph (D) to ensure that activities as-  
11 sisted with amounts provided under this para-  
12 graph are consistent and coordinated with ef-  
13 forts of such Agency and other agencies and or-  
14 ganizations to clean up and redevelop  
15 brownfield sites.

16 “(F) DEFINITION.—For purposes of this  
17 paragraph, the term ‘brownfield site’ has the  
18 meaning provided by section 101(2) of the  
19 Brownfield Economic Revitalization Act of  
20 1997.

21 “(G) AUTHORIZATION OF APPROPRIA-  
22 TIONS.—For grants under this paragraph, there  
23 is authorized to be appropriated to the Sec-  
24 retary \$25,000,000 for each of fiscal years  
25 1998, 1999, 2000, and 2001.”.



1 **TITLE III—EXPENSING OF ENVI-**  
2 **RONMENTAL REMEDIATION**  
3 **COSTS**

4 **SEC. 301. EXPENSING OF ENVIRONMENTAL REMEDIATION**  
5 **COSTS.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-  
7 ter 1 of the Internal Revenue Code of 1986 is amended  
8 by adding at the end the following new section:

9 **“SEC. 198. EXPENSING OF ENVIRONMENTAL REMEDIATION**  
10 **COSTS.**

11 “(a) IN GENERAL.—A taxpayer may elect to treat  
12 any qualified environmental remediation expenditure  
13 which is paid or incurred by the taxpayer as an expense  
14 which is not chargeable to capital account. Any expendi-  
15 ture which is so treated shall be allowed as a deduction  
16 for the taxable year in which it is paid or incurred.

17 “(b) QUALIFIED ENVIRONMENTAL REMEDIATION  
18 EXPENDITURE.—For purposes of this section—

19 “(1) IN GENERAL.—The term ‘qualified envi-  
20 ronmental remediation expenditure’ means any ex-  
21 penditure—

22 “(A) which is otherwise chargeable to cap-  
23 ital account, and

1           “(B) which is paid or incurred in connec-  
2           tion with the abatement or control of hazardous  
3           substances at a qualified contaminated site.

4           “(2) SPECIAL RULE FOR EXPENDITURES FOR  
5           DEPRECIABLE PROPERTY.—Such term shall not in-  
6           clude any expenditure for the acquisition of property  
7           of a character subject to the allowance for deprecia-  
8           tion which is used in connection with the abatement  
9           or control of hazardous substances at a qualified  
10          contaminated site; except that the portion of the al-  
11          lowance under section 167 for such property which  
12          is otherwise allocated to such site shall be treated as  
13          a qualified environmental remediation expenditure.

14          “(c) QUALIFIED CONTAMINATED SITE.—For pur-  
15          poses of this section—

16               “(1) QUALIFIED CONTAMINATED SITE.—

17                   “(A) IN GENERAL.—The term ‘qualified  
18                   contaminated site’ means any area—

19                           “(i) which is held by the taxpayer for  
20                           use in a trade or business or for the pro-  
21                           duction of income, or which is property de-  
22                           scribed in section 1221(1) in the hands of  
23                           the taxpayer,

24                           “(ii) which is within a targeted area,  
25                           and

1 “(iii) at or on which there is a release  
2 or threat of release or disposal of any haz-  
3 ardous substance.

4 “(B) TAXPAYER MUST RECEIVE STATE-  
5 MENT FROM STATE ENVIRONMENTAL AGEN-  
6 CY.—An area shall be treated as a qualified  
7 contaminated site with respect to expenditures  
8 paid or incurred during any taxable year only  
9 if the taxpayer receives a statement from the  
10 appropriate agency of the State in which such  
11 area is located that such area meets the re-  
12 quirements of clauses (ii) and (iii) of subpara-  
13 graph (A).

14 “(C) APPROPRIATE STATE AGENCY.—For  
15 purposes of subparagraph (B), the appropriate  
16 agency of a State is the agency designated by  
17 the Administrator of the Environmental Protec-  
18 tion Agency for purposes of this section. If no  
19 agency of a State is designated under the pre-  
20 ceding sentence, the appropriate agency for  
21 such State shall be the Environmental Protec-  
22 tion Agency.

23 “(2) TARGETED AREA.—

24 “(A) IN GENERAL.—The term ‘targeted  
25 area’ means—

1 “(i) any population census tract with  
2 a poverty rate of not less than 20 percent,

3 “(ii) a population census tract with a  
4 population of less than 2,000 if—

5 “(I) more than 75 percent of  
6 such tract is zoned for commercial or  
7 industrial use, and

8 “(II) such tract is contiguous to  
9 1 or more other population census  
10 tracts which meet the requirement of  
11 clause (i) without regard to this  
12 clause,

13 “(iii) any empowerment zone or enter-  
14 prise community (and any supplemental  
15 zone designated on December 21, 1994),  
16 and

17 “(iv) any site announced before Feb-  
18 ruary 1, 1997, as being included as a  
19 brownfields pilot project of the Environ-  
20 mental Protection Agency.

21 “(B) NATIONAL PRIORITIES LISTED SITES  
22 NOT INCLUDED.—Such term shall not include  
23 any site which is on, or is proposed for, the na-  
24 tional priorities list under section 105(a)(8)(B)  
25 of the Comprehensive Environmental Response,

1 Compensation, and Liability Act of 1980 (as in  
2 effect on the date of the enactment of this sec-  
3 tion).

4 “(C) CERTAIN RULES TO APPLY.—For  
5 purposes of this paragraph, the rules of sections  
6 1392(b)(4) and 1393(a)(9) shall apply.

7 “(D) TREATMENT OF CERTAIN SITES.—  
8 For purposes of this paragraph, a single con-  
9 taminated site shall be treated as within a tar-  
10 geted area if—

11 “(i) a substantial portion of the site is  
12 located within a targeted area described in  
13 subparagraph (A) (determined without re-  
14 gard to this subparagraph), and

15 “(ii) the remaining portions are con-  
16 tiguous to, but outside, such targeted area.

17 “(d) HAZARDOUS SUBSTANCE.—For purposes of this  
18 section—

19 “(1) IN GENERAL.—The term ‘hazardous sub-  
20 stance’ means—

21 “(A) any substance which is a hazardous  
22 substance as defined in section 101(14) of the  
23 Comprehensive Environmental Response, Com-  
24 pensation, and Liability Act of 1980, and

1                   “(B) any substance which is designated as  
2                   a hazardous substance under section 102 of  
3                   such Act.

4                   “(2) EXCEPTION.—Such term shall not include  
5                   any substance with respect to which a removal or re-  
6                   medial action is not permitted under section 104 of  
7                   such Act by reason of subsection (a)(3) thereof.

8                   “(e) DEDUCTION RECAPTURED AS ORDINARY IN-  
9                   COME ON SALE, ETC.—Solely for purposes of section  
10                  1245, in the case of property to which a qualified environ-  
11                  mental remediation expenditure would have been capital-  
12                  ized but for this section—

13                  “(1) the deduction allowed by this section for  
14                  such expenditure shall be treated as a deduction for  
15                  depreciation, and

16                  “(2) such property (if not otherwise section  
17                  1245 property) shall be treated as section 1245  
18                  property solely for purposes of applying section 1245  
19                  to such deduction.

20                  “(f) COORDINATION WITH OTHER PROVISIONS.—  
21                  Sections 280B and 468 shall not apply to amounts which  
22                  are treated as expenses under this section.

23                  “(g) REGULATIONS.—The Secretary shall prescribe  
24                  such regulations as may be necessary or appropriate to  
25                  carry out the purposes of this section.”

1       (b) CLERICAL AMENDMENT.—The table of sections  
2 for part VI of subchapter B of chapter 1 of the Internal  
3 Revenue Code of 1986 is amended by adding at the end  
4 the following new item:

“Sec. 198. Expensing of environmental remediation costs.”

5       (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to expenditures paid or incurred  
7 after the date of the enactment of this Act, in taxable  
8 years ending after such date.

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